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**- N -**

### **Netting**

A common term for Intercompany or Multilateral Netting. In the English speaking world a search for Netting brings up all manner of irrelevant searches for bird netting, camo netting , 3/4" etc. Search instead for Coprocess!.

### **Netting Basis**

In order to accommodate the regulations surrounding certain countries or currencies one useful technique involves partially netting the settlements with a subsidiary. Thus they can take part in the netting, full - all payables and receivables can be net in base currency, gross, flows are to and from the netting centre and totalled by currency but the company must pay out all payables and receive all receivables in the currency of invoice, currency netting basis allows the net settlement by currency. There is also selectable basis, where some currencies are chosen to be converted to base currency whilst certain billed currencies are delivered in invoice currency. See all Information Only Flows and Payment to Suspense.

### **Netting Calendar**

Whether you are running a payable driven netting system or a receivable driven system you need to define a Netting calendar with a pre-set number of periods, called Netting periods or Netting cycles. The Netting calendar defines the various dates and cut-offs used. Dates are chosen to accommodate the opening and closing of the company's books, the companies terms of trade, desired settlement dates, whether payable (quicker) or receivable (better for cash management).

### **Netting Centre**

Usually the netting system is handled entirely by the group's Netting Centre. The Netting Centre has one foreign currency zero balance account for every currency that the Netting Centre trades. The function of the Netting Centre is to receive payments from net paying companies and to remit payments to the net receiving companies (and vice versa in a receivable driven system). All these transactions are made on the same day, i.e. the paying company's account is debited with the same value date as the receiving company's account in another country is credited.

### **Netting Cycle**

See Netting Calendar and outline of the Coprocess netting process.

### **Netting Period**

See Netting Cycle.

### **Netting Process**

The action steps taken, typically monthly, needed to administer the clearing.

### **Netting Regulations**

Some countries and currencies are subject to rules which determine what, how and when subsidiary companies can offset their payables or receivables.

### **Notification Day**

an extra step some companies use to notify the subsidiaries of preliminary settlement positions. Typically very useful for subsidiaries in time zones ahead of the Netting Centre, giving them time to make payments if required to do so on Deal Day.